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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health & Human Services (DHHS)  
Centers for Medicare & Medicaid Services (CMS)

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Transmittal 367

Date: NOVEMBER 12, 2004

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CHANGE REQUEST 3521

**SUBJECT:** Section 630 of the Medicare Modernization Act (MMA) allows for the reimbursement for ambulance services provided by IHS/Tribal Hospitals, including CAHs, which manage and operate hospital-based ambulances.

**I. SUMMARY OF CHANGES:** Payment of ambulance services to Indian Health Service (IHS) or Tribal Hospitals including (CAHs).

**NEW/REVISED MATERIAL - EFFECTIVE DATE:** January 1, 2005

**\*IMPLEMENTATION DATE:** April 4, 2005

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

### II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	15/ Table of Contents
N	15/30/2.4/ Indian Health Service/Tribal Billing

### \*III. FUNDING:

These instructions shall be implemented within your current operating budget.

### IV. ATTACHMENTS:

X	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

\*Medicare contractors only

# Attachment - Business Requirements

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**SUBJECT: Section 630 of the Medicare Modernization Act (MMA) allows for the reimbursement for ambulance services provided by IHS/Tribal Hospitals, including CAHs, which manage and operate hospital-based ambulances.**

**CAH payment methodology for ambulance services has been based on the 101 percent of reasonable costs associated with outpatient services. Ambulance services should be paid at 100% reasonable cost for all CAH facilities.**

## I. GENERAL INFORMATION

- A. **Background:** Effective January 1, 2005, section 630 of the Medicare Modernization Act (MMA) allows for the reimbursement of ambulance services provided by IHS/Tribal including CAHs that manage and operate hospital-based ambulances.

CAH payments for ambulance services have been made in error based on 101% reasonable costs rather than the appropriate 100% reasonable costs.

- B. **Policy:** Claims for ambulance services from IHS/Tribal including CAH based ambulance services submitted by Indian Health Service (IHS) and Tribal Organizations shall be processed by the IHS/Tribal designated Fiscal Intermediary.

Ambulance services are not considered to be an outpatient CAH service and should only be paid at 100% reasonable cost rather than the 101% reasonable costs applicable for outpatient CAH services.

- C. **Provider Education:** A Medlearn Matters provider education article related to this instruction will be available at [www.cms.hhs.gov/medlearn/matters](http://www.cms.hhs.gov/medlearn/matters) shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement Number	Requirements	Responsibility (place an "X" in the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CBF	
3521.1.1	The FISS shall accept a13X Type of Bill (TOB) with Revenue Code (RC) 054X and without RC 051X from an IHS/Tribal hospital with a hospital based ambulance service.	X				X				
3521.1.2	The FISS shall accept an 85X or 13X TOB with RC 054X, Condition Code (CC) B2, and without RC 051X from an IHS/Tribal CAH with a hospital based ambulance service.	X				X				
3521.2.1	The FISS shall calculate a13X TOB with RC 054X and without RC 051X from an IHS/Tribal hospital with a hospital based ambulance service based on the Federal rate on the Ambulance Fee Schedule.	X				X				
3521.2.2	The FISS shall calculate an 85X or13X TOB with RC 054X, Condition Code (CC) B2, and without RC 051X from an IHS/Tribal CAH with a hospital based ambulance service based on 100% of reasonable cost if the 35-mile rule for cost based payment is met.	X				X				
3521.2.3	The FISS shall calculate an 85X or 13X TOB with RC 054X, and without RC 051X from an IHS/Tribal CAH with a hospital based ambulance service based on the usual blend of 20% cost and 80% ambulance fee schedule for 2005, and 100% ambulance fee schedule beginning in 2006, if the ambulance service does not meet the 35-mile rule for cost based payment.	X				X				
3521.3.1	The FI shall pay a13X TOB with RC 054X from an IHS/Tribal hospital with a hospital based ambulance service based on the Federal rate on the Ambulance Fee Schedule.	X				X				
3521.3.2	The FI shall pay an 85X or 13X TOB with RC 054X and CC B2 from an IHS/Tribal CAH with a hospital based ambulance service based on 100% of reasonable cost if the 35-mile rule for cost based payment is met.	X				X				

Requirement Number	Requirements	Responsibility (place an "X" in the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3521.3.2.1	The FI shall require IHS/Tribal CAHs to notify the FI whether the ambulance service meets or does not meet the 35-mile ambulance rule for cost based payment.	X								
3521.4.1	The FI shall calculate and apply coinsurance based on the payment amount for ambulance services provided by an IHS/Tribal hospital.	X				X				
3521.4.2	The FI shall calculate and apply coinsurance based on charges for ambulance services provided by an IHS/Tribal CAH.	X				X				
3521.4.3	The FI shall calculate and apply the Medicare deductible based on the payment amount for ambulance services furnished by a hospital based ambulance service provided by an IHS/Tribal hospital.	X								
3521.4.4	The FI shall calculate and apply the Medicare deductible based on the submitted charges for ambulance services furnished by a CAH based ambulance service provided by an IHS/Tribal CAH.	X				X				
3521.5.1	The FISS shall accept RCs 051X and 054X when an Outpatient Visit occurs in conjunction with ambulance services provided by IHS/Tribal hospitals including CAHs.	X				X				
3521.5.2	The FI shall pay the All Inclusive Rate (AIR) to IHS/Tribal hospitals and the CAH facility specific visit rate to IHS/Tribal CAHs when there is an outpatient visit in conjunction with the ambulance service.	X				X				
3521.6.1	The FISS shall calculate an 85X or 13X TOB with RC 054X, CC B2, for any CAH with a hospital based ambulance service based on 100% of reasonable cost if the 35-mile rule for cost based payment is met.					X				



### III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting /Workload Impact: N/A

#### E. Dependencies: N/A

#### F. Testing Consideration: N/A

### IV. SCHEDULE, CONTACTS, AND FUNDING

<b>Effective Date*:</b> January 1, 2005 <b>Implementation Date:</b> April 4, 2005 <b>Pre-Implementation Contact(s):</b> Pat Barrett at 410-786-0508 <b>Post-Implementation Contact(s):</b> Regional Offices	Medicare Contractors shall implement these instructions within their current operating budgets.
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\*Unless otherwise specified, the effective date is the date of service.

# Medicare Claims Processing Manual

## Chapter 15 - Ambulance

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Table of Contents

*(Rev.367, 11-12-04)*

30.2.4 - Indian Health Service/Tribal Billing

### **30.2.4 – INDIAN HEALTH SERVICE (IHS)/TRIBAL BILLING**

*(Rev. 367, Issued: 11-12-04, Effective: 01-01-05, Implementation: 04-04-05)*

Ambulance services originating out of IHS/ Tribal hospitals including Critical Access Hospitals (CAHs) that are hospital based ambulance services will be paid according to the appropriate payment methodology.

For IHS/Tribal CAH based ambulance services the appropriate payment methodology is cost based. 100 percent of the reasonable cost is paid for ambulance services to CAH based ambulance services which meet the 35 mile rule.

For IHS/Tribal hospital based ambulance services the appropriate payment methodology is 100 percent of the Federal rate of the ambulance fee schedule.